



<b>Fee for Service Contracts</b>	
<b>Policy:</b> Purchasing	
<b>Category:</b> Administrative	<b>Approval Date:</b> October 29, 2020
<b>Procedure Owner:</b> Vice President College Services	<b>Effective Date:</b> October 29, 2020
<b>Procedure Administrator:</b> Financial Systems and Business Manager	<b>Review Period:</b> 3 Years
<b>Associated Documents:</b> <a href="#">Fee for Service Contract Form</a>	

**PURPOSE**

To outline the process for purchasing non-credit instructional services from businesses and individuals that are assessed not to be in an employee-employer relationship with the College.

**PROCEDURE**

Fee for Service (FFS) contracts may be used for purchases of instructional services where instruction is not related to a credit or apprenticeship offering and for purchases or services directly related to the course instruction, such as guest lecturers and visiting artists.

***When to Use a FFS Contract***

1. FFS contracts are used for purchase of services when all of the following conditions are met:
  - a. The contract is for the purchase of instructional services not related to credit and apprenticeship offering at RDC.
  - b. The contract does not contravene a College collective agreement.
  - c. The contract is between the College and an independent contractor, a status supported by an Article of Incorporation or the CRA ruling in written form.
  - d. The results of the assessments through the College guidelines in Appendix A indicate that such a contract is suitable.
2. FFS contracts and associated form (template) may not be well suited for those services that have special terms of agreement or more complex scope of work and deliverables. Contact Financial Services for assistance with drafting a contract to suit your needs.

## ***Service Providers***

1. In most cases, a service provider (vendor) is a registered business or corporation.
2. Where the College engages on a FFS contract an **individual** that does not meet the criteria in the Appendix A, the individual must provide to the College a CRA ruling on the employment status.
  - a. A ruling is not required for a self-employed artist that is
    - i. engaged on a one-time basis to achieve a defined objective,
    - ii. given freedom required to achieve that objective, and
    - iii. paid remuneration that is directly related to particular rehearsals and performances.
3. Where the College intends to engage on a FFS contract an **individual that is employed by the College** in another capacity or has been employed by the College within a current calendar year, that is only possible when the
  - a. contract does not contravene a College Collective Agreement,
  - b. individual is engaged to complete a specific project and not to perform ongoing duties,
  - c. engagement is not an extension of the worker's normal employment duties,
  - d. individual provides similar services to other clients, and
  - e. work is performed outside of the contractor's regular work hours at the College.
4. Financial Services, under certain circumstances, may submit a [request for ruling](#) from CRA or request that a service provider obtains an advanced ruling on the service provider's status under the Canada Pension Plan and/or the Employment Insurance Act.

## ***Completing a FFS Contract Form***

1. A College employee initiating the contract needs to collect all of the vendor information necessary to process the contract, set up a commitment and process payments.
2. A College employee needs to complete a Fee for Service Contract assessment before the contract is prepared.

- a. If the assessment indicates a potential employment contract, Human Resources needs to be notified before the contract is signed by either party.
3. Following the signing of the contract by both parties,

### ***Approving a FFS Contract***

1. Only a College signing officer, as per the current College *Signing Authority and Contract Execution Policy* in force, can execute the contract and authorize expenditure.
2. The signing College officer is responsible for reviewing the contract to ensure all of the conditions cited in this Procedure for entering into such a contract are met.
3. A contract signed by both parties is also reviewed and approved for processing by a designated position in Financial Services.

### ***Billing and Payments***

1. An approved and executed Fee for Service Contract is recorded as a commitment in the College's General Ledger until the corresponding invoice is received and paid.
2. A service provider needs to issue an invoice after the service is performed and to reference a purchase order issued when the commitment is recorded.
3. A College employee who is in a position to validate the performance of service must confirm a receipt of service before the invoice is paid.
4. Invoices related to the Fee for Service Contracts are paid as per the College's normal business practice: 30 days from the date of invoice.
5. All records are retained in Financial Services.

### ***References and Resources***

Additional information can be found on the Government of Canada web sites listed in the [Appendix B](#).

## **DEFINITIONS**

**Contract:** any written or verbal arrangement (agreement, contract, letter of intent, memorandum of understanding or similar) that creates a legally binding commitment for the College.

**Fee for Service (FFS) Contract:** a standard contract form used to contract with a vendor for a provision of non-credit instructional services, including services of guest lecturers and self-employed visiting artists.

**Independent contractor:** a person or business that performs services for another party under an express or implied agreement and is not subject to that party's control or right to control the manner and means of performing services.

**Non-credit instructional services:** instructional services where instruction is not related to a credit or apprenticeship offering.

**Signing authority:** legal power delegated by the Board through the President of the College to organizational positions appointing them as agents of the College to perform transactions and execute contracts.

**Spending authority:** authority to approve ordering of goods and services thus creating, on behalf of the College, an obligation to pay.

**Signing officer:** officer or representative vested with signing or spending authority or both, that empower them to commit the College to a binding agreement.

**Total value:** value of a contract or agreement over its term, not taking into account optional renewals.

## Appendix A



# FEE FOR SERVICE CONTRACT ASSESSMENT TOOL

Complete the following assessment to determine whether the service provider qualifies to form a Fee for Service or employment contract with Red Deer College. Submit this form with the Contract.

### SECTION I

<b>1</b>	Is the service provider to be engaged to teach a credit or apprenticeship offering?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
		<b>Employee</b>	Go to question # 2
<b>2</b>	Is the service provider to be engaged in non-credit teaching?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
		Go to question # 3	Go to Section II
<b>3</b>	Is the provider of service of non-credit teaching incorporated or has obtained a CRA ruling on the employment status?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
		<b>Fee for Service Contract</b>	<b>Employee</b>

### SECTION II

<b>1</b>	Is the provider of non-teaching services incorporated or has obtained a CRA ruling on the employment status?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
		<b>Fee for Service Contract</b>	Go to Section III

### SECTION III

<b>1</b>	Will the service provider's earnings from RDC comprise a significant portion of her/his annual income?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
		<b>Employee</b>	Go to question # 2
<b>2</b>	Does the service provider perform similar services for other clients?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
		Go to Section IV	Contact Financial Services

### SECTION IV

<b>1</b>	Does RDC supply any tools, equipment, office space, administrative assistance or other resources to carry out the service?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
<b>2</b>	Is the service provider expected to attend departmental or organizational meetings unrelated to the service to be provided?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
<b>3</b>	Does RDC control and direct day to day activities of the service provider?	<input type="checkbox"/> YES	<input type="checkbox"/> NO
<b>Any "YES" answers in Section IV indicate the Fee for Service Contract is not an option. Contact Human Resources.</b>			

## **Appendix B**

[Canada Revenue Agency \(CRA\) Guide: RC4110 Employee or Self-employed?](#)

[CRA Form: CPT1 Request for a Ruling as to the Status of a Worker under the Canada Pension and/or the Employment Insurance Act](#)

[Employment Insurance Act](#)

[Canada Pension Plan](#)